

## LETTER OF INSTRUCTIONS NO. 1096, December 16, 1980

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### TO:

All Heads of Ministries, Bureaus, Offices, Agencies and Instrumentalities of the National Government, including Government-Owned or Controlled Corporations

All Concerned.

WHEREAS, certain contracts entered into by ministries, bureaus, offices agencies and instrumentalities of the national government, including government-owned or controlled corporations and the subsidiaries thereof, need efficient implementation to promote the various social, economic and industrial development projects in the country;

WHEREAS, ambiguous and loose provisions, terms and conditions in government contracts are oftentimes veritable seedbeds of disputes that result in long and tedious litigation, thereby paralyzing the progress of the development projects involved and virtually placing the Government at a disadvantageous position; and

WHEREAS, to strengthen the position of the Government in enforcing its contract rights against the contracting parties, it is imperative that certain government contracts be thoroughly scrutinized and reviewed in order to fully and adequately protect the interests of the Government through just and effective remedies incorporated in said contracts;

NOW THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order that:

- Effective immediately, but without prejudice to the provisions of Memorandum Circular No. 1012, dated 19 October 1977, Letter of Instructions No. 620, dated 25, October 1977, better of Instructions No. 653 dated 6 January 1978 and Letter of Instructions No. 794, dated 19 January 1979, all contracts entered into by any ministry, bureau, office, agency or instrumentality of the National Government, or by any government-owned controlled corporation including any subsidiary thereof, with any foreign or multinational corporation, partnership, firm, entity or association, involving Fifty Million Pesos (50,000,000.00) and above. Currency or the equivalent thereof in in currency in the proper cases, where the contracting is the Republic of the Philippines through a ministry , office, agency or instrumentality of the National Government, or Five Hundred Thousand Pesos (500,000.00) and above, Philippines Currency or the equivalent thereof in foreign currency in the proper cases, where the contracting party is a government-owned or controlled corporation or a sub-Corporation Counsel for review. Once reviewed, such contracts shall forthwith be transmitted by the Government Corporate Counsel to the Office of the President for consideration/approval.

- Contracts entered into without the review and/or approval required herein shall not be valid and binding, and the Commission on Audit and/or the Ministry of Budget shall disapprove or defer the release or disbursement of the necessary funds, unless and until the review and/or approval required herein shall have been secured.
- Any officer or employee of any ministry, bureau, office agency or instrumentality of the National Government, or of any government-owned or controlled corporation or a subsidiary thereof, who fails/refuses to secure the review/approval required herein, shall be prima facie presumed to have entered into a contract or transaction manifestly and grossly disadvantageous to the Government for purposes of his prosecution under Republic Act No. 3019, as amended.
- All orders, rules and regulations inconsistent with this Letter of Instructions, are hereby amended, repealed or modified accordingly.

Done in the City of Manila, this 16th day of December, in the year of Our Lord, nineteen hundred and eighty

(Sgd.) FERDINAND E. MARCOS  
President of the Philippines

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